



Country or Region: Hong Kong

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Summary

In Hong Kong, there is a continuous demand for post secondary education. Many working professionals believe that higher education can upgrade their knowledge and qualifications to compete in Hong Kong's cosmopolitan society. It is essential that Hong Kong sustain a workforce with high education standards to carry on as the international business center in Asia. Foreign institutions offering distance learning programs in which professors travel to Hong Kong to teach have been responsive in filling this need. Graduate distance education programs such as Master in Business and Administrations (MBA), Executive MBA, Bachelors in Accountancy, Bachelors of Business are the most popular courses in Hong Kong.

With regards to distance learning in the undergraduate realm, trends show that younger students still preferred to go abroad for their education making that segment not particularly attractive, but that adults interested in continuing education are increasingly considering Bachelor degrees in Hong Kong. Therefore, the basic demand for distance education will come from working adults seeking advancement toward higher education degrees. Hence, this report gauges the marketability of U.S distance education in a Hong Kong teaching facility center.

Market Overview

Despite the Hong Kong Special Administration Region (HKSAR) government effort to increase domestic higher education opportunities, trends show adults still prefer to acquire overseas qualifications while remaining and working in Hong Kong. Within the confines of Hong Kong's traditional education systems, however, it's difficult to accommodate working adults whose lives are limited by work, finance, and time. Distance education provides a solution to these obstacles through access, cost effectiveness, and flexibility. The most desired programs in Hong Kong are bachelors and masters degree in Business Administration, Finance, Logistics & Supply Chain Management, and Marketing Management. More and more distance education programs are appearing in Hong Kong within this market.

The distance learning phenomena can be traced to the lack of higher education in Hong Kong's middle age workforce (40s) due to the fact that many jobs did not require a degree in the 80s. Today, however, Hong Kong is a knowledge-based economy, having transitioned from a labor-intensive economy into a world-class international financial and trading hub. Many jobs require higher education and working adults have increasingly been forced to return to school to obtain a bachelors degree in order to advance in their profession.

Distance education for master degrees in Hong Kong is also in high demand. In total, there are over eighty Master of Business Administration (MBA) distance education programs in Hong Kong, and the demand for a master degree continues to hold strong. The marketability of offering an overseas master degree program in Hong Kong is excellent. As Hong Kong workers continue to strive for a professional growth across all industries they must enhance their education level and the master degree continues to maintain its position as the standard of qualification in this day and age.

The distance education market has been in Hong Kong for more than 20 years. The first alliance distance program was collaborated between Hong Kong Polytech University and London's Warwick University. The partnership formed a MBA program taught by professors from Warwick University and administered by HK Polytech staff. Today, Hong Kong has more than eight hundred different distance education programs ranging from doctorate to bachelor degrees.

Hong Kong Government Supports Continuing Education

The Open Learning Education Commission of Hong Kong defined “Continuing Education” and the objectives as:

- To provide a second chance for those who had to forgo the opportunity of further education after junior high, or whose job requirements for further education developed relatively late in life;
- To provide continuing education to update and enhance the training of those who do not complete their further education at the beginning of their careers; and
- To provide retraining for those who to need extend their careers later in life to improve their knowledge to keep up with global business trends.

These objectives set by the Hong Kong government have enabled foreign institution to penetrate the Hong Kong market. American universities that are already present in Hong Kong include: Northwestern’s Kellogg School of Business, DePaul University, Boston College, University of Northern Iowa, Columbia Southern University, George Washington University, Northern Iowa University, University of Northern Virginia, and several others. According to the Education and Manpower Bureau of Hong Kong, the distance education industry is dominated by the United Kingdom (51%), Australia (30%) and followed by (19%) from Canada, China and the U.S. combined. (See chart below)

Market Trend

In January 2004, the Secretary for Education and Manpower (SEM-Hong Kong’s minister of education) announced his vision for Hong Kong to become the education hub of Asia, in light of its strong links with Mainland China, its geographical location, and its internationalized higher education sector. The Hong Kong Government has been very supportive as the amounts of foreign education institutions continue to penetrate the distance education industry. With limited amount of government intervention, it will continue to be easy for institutions to enter the market for the foreseeable future.

In addition, in the past few years, the Hong Kong government has been trying to promote Hong Kong as Asia’s premier cosmopolitan city; a world-class destination for both leisure and business visitors. This vision of the Hong Kong government has jump started a few distance education programs geared toward tourism, hotel and event management. In addition, gaming management programs have been increasing due to the recent establishment of international casinos in Macau. In 2002, Macau signed concession contracts with the Macau Gaming Company, Wynn Resort Ltd (United States), and Galaxy Casino to facilitate the liberalization of the gaming industry, attract more tourists to Macau, and instill growth to the economy. Therefore, US institutions can take advantage of this by setting up distance education programs for tourism, hotel, and gaming management in Hong Kong and Macau.

Hong Kong is a springboard into the China market because of its geographical location and its mix of eastern and western culture. According to the director of Milton Education Consulting Group, the distance education system is suitable for Mainland China because the Chinese value the prestige of an American education, but the Chinese have difficulty in obtaining a student visa to study in the United States.

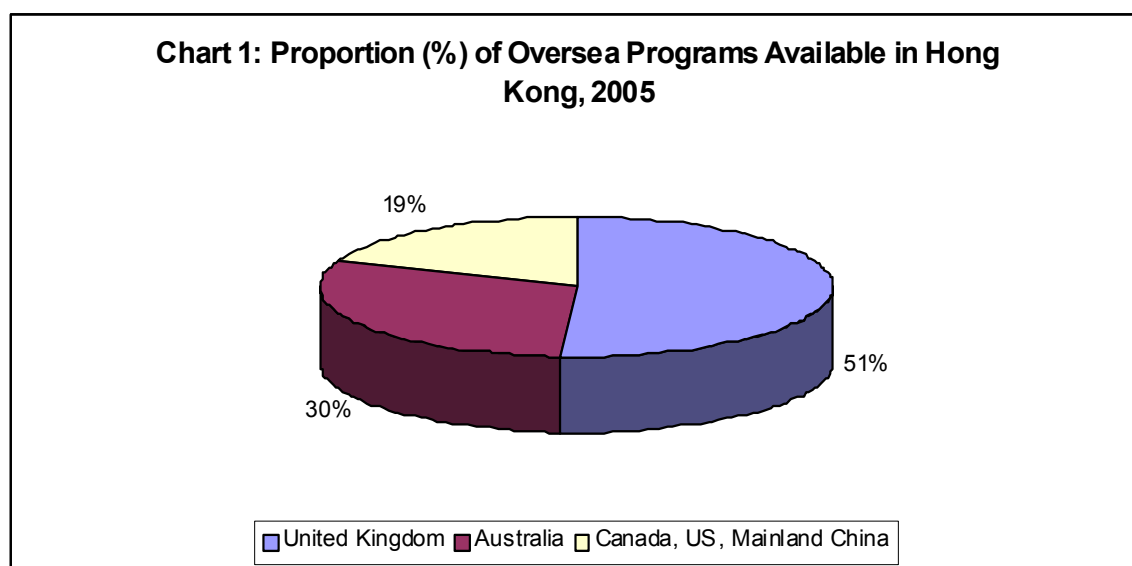
The first Hong Kong distance education institute in China was The Open University of Hong Kong. Formed in 1997, The Open University’s Chinese MBA and the Chinese postgraduate certificate in

business administration was the beginning of the distance education market in China. Since then, The Open University of Hong Kong has had over one thousand graduates from Mainland China. Like any other business, venturing into the China market can be risky and it is complicated to bring Western education into a communist country because of the rigid Chinese government control. It is highly recommend that US institution who wants to enter the China market find a reliable Hong Kong partner who has already established a network in the China.

Import Market

English speaking countries such as Australia and the United Kingdom are major players in the Hong Kong distance education industry. These include: the Bachelors in Accounting/Finance of the London School of Economics and Political Science with the Hong Kong University, the Bachelor in Computing and Information Systems of University of London (Goldsmiths College) with the Hong Kong University, and Master in Environmental Management of Edith Cowan University (Australia) with Hong Kong Polytech University.

According to the figures provided by the Education and Manpower Bureau of Hong Kong, as of March 2005, a total of 984 programs from overseas institutions were available in HK. The vast majority of these programs came from the United Kingdom (51%), Australia (30%), and United States, Canada and Mainland China (19%). (See Chart as follows)



Source: Education and Manpower Bureau, March 2005

Competition

The United Kingdom

The United Kingdom controls over 50% of the distance education market in Hong Kong. Most of the U.K. universities are chartered by the government, and allowed easier access for entering the Hong Kong market.

Many of the United Kingdom's graduate and undergraduate programs are shorter than U.S. universities because they do not require their students to attain any special general education level. U.K. universities are relatively more willing to design programs for the need of the community. For example, a few years ago, Hong Kong was striving to be the logistic hub of Asia. U.K. universities were able to quickly design and implement distance education programs for logistic and supply chain management. Their quick response to the needs of the Hong Kong business community rewarded them with the largest market share in the distance education industry.

Australia

Australia's distance education programs bear some resemblance to those of the United Kingdom's. The universities are also chartered by their government and go through fewer procedures before establishing a program in a foreign country. The Australian universities highly support distance education and perceive it as a huge source of revenue. The universities only require their students to take major courses, significantly shortening the time required to get a bachelor/master degree. However, the main factor that sets Australia's distance education programs apart is their cost. Hong Kong students usually choose an Australia program because of its significantly lower program fees. The tuition fees for their programs are relatively low compared with other Western overseas education institutes. For example, the University of South Australia offers a Master of Professional Accounting program for under US\$12,690 with a completion time of less than 18 months. Students with a limited budget are often drawn to the flexibility and the low cost of any Australian programs.

United States

Even though there are many institutions in Hong Kong, programs from the United States tend to be more popular because Hong Kong students perceive U.S. as having the best business and management curricula in the world. The local distance education institutes commented that U.S. education institutions have yet to deeply penetrate the industry because of the professor's high lodging/travel expenses and their unwillingness to travel abroad for an extended period. However, working with Hong Kong distance education organizations has allowed for a significant reduction in setup costs. In addition, local professors have also been incorporated to conduct some courses to further lower expenditures. Currently, Milton International Education Group hosts a joint MBA program with the University of Northern Virginia for a very economical price of US\$10,190. Milton International was successfully able to streamline the program and reduce significant costs to attract more than 200 students for the University of Northern Virginia's MBA program. While U.S. universities have the branding and product differentiation, disadvantages associated with costs and rigidity in curriculum continue to hamper their growth.

The Open University of Hong Kong (The only Hong Kong distance education institution)

In addition to the numerous foreign distance education programs offered in Hong Kong, The Open Universities of Hong Kong also constitute a large part of the market. The Open University of Hong Kong offers their own series of bachelors and masters programs through a mixture of e-learning and tutorial workshops. They have been aiming to provide higher education opportunities for adults mainly through distance education. Currently, there are over 380 distance education programs and over 19,000 students enrolled at The Open University. They are able to provide programs at a lower cost through government aid, lower administrative costs, and minimal travel and lodging expense for their professors. For example, The Open University can lower their expenses by hiring qualified local professors to facilitate lectures. International competitors have always been a fact of life for domestic universities, however they remain a key competitor in the market.

End Users

The basic demand for distance education will come from working adults seeking advancement toward higher education degrees for higher paying jobs. Overall, the majority of the distance learning students are between the ages of 25 to 35. At the Open University of Hong Kong, 65% of the students are over 30 and the average age is 34 years. The flexibility and convenience of a distance education program allows busy working adults the opportunity to pursue their professional education.

The end users of distance education based their purchasing decision on four factors: cost, reputation, flexibility, and admissions requirements, with cost being particularly important. It is important to note, however, that while lower costs have been shown to attract undergraduates, Hong Kong students are also willing to pay more for “brand” graduate programs from a reputable university. The Hong Kong University of Science and Technology has a joint EMBA programs with Northwestern University’s Kellogg School of Business, catering toward CEOs and partners of worldwide corporations. The total estimated cost of this program is over US\$76,920, six times more expensive than the average MBA program. The University of Northern Iowa also offers a MBA program at a cost of US\$12,500. Therefore, brand name is another factor that students considered.

Distance education has risen rapidly in recent years due to the demand for higher education increasingly required for upward job mobility. Universities from Australia and the United Kingdom understand the need for flexibility and have created programs that can be completed within a 24-month time span. The University of Newcastle from Australia offers a fast track MBA program for US\$11,480 in 14 months. Hong Kong students are most attracted by the flexibility, lower cost and short-term programs that are offered from the U.K. and Australia.

The Hong Kong government’s Continuing Education Fund (CEF) subsidizes students with learning goals to pursue continuing education and training courses. Eligible applicants will be reimbursed 80% of their fees, subject to a maximum sum of HK\$10,000, on successful completion of the course. The CEF financial support has encouraged and attracted extensive working adult’s interest in enrolling in continuing education and distance education for their first educational degree. Note: CEF is not suitable for Master degrees.

Market Access

Hong Kong’s open economy allows for any institutions to enter the Hong Kong distance education market. Under the Education Ordinance Cap. 493, all courses conducted in Hong Kong must properly register. The registration fee for each distance education program is US\$4,743. The registration process takes four months for completion. No recruiting advertisement can be published before registration is approved. Registration detailed information can be viewed at: <http://www.emb.gov.hk>.

Market Entry

The Hong Kong University(HKU) collaborates to form distance education programs with various universities from China, the UK, the USA and Australia. For example, the University of Michigan-Dearborn has joined the extension family of HKU and through HKU Space, professors from U of Michigan are able to promote their programs (www.hkuspace.hku.hk) and conduct their classes at the Hong Kong University’s campus. HKU Space collaborates closely with other faculties and departments of the University to offer timely and relevant courses that meet society’s needs. Upon graduation, graduates will receive the same degree that is awarded to graduates of the US campus and become part of the alumni family of the University of Michigan.

There are many private organizations in Hong Kong that hold partnerships with US education institutes. These organizations are able to provide foreign universities with sound advice to run a distance education program in Hong Kong. With sufficient knowledge of the Hong Kong distance education market, these private organizations are able to reorganize and streamline programs to fit the demand of the students and the business community’s needs. Hopkins Education and Training Group is one of many private organizations that collaborate with foreign universities to establish distance education programs. Their objectives are to develop the highest standard of professional education, dedicated towards the needs of working professionals. Currently, the Hopkins Group host distance education programs with the University of Northern Iowa, University of Massachusetts, and the University of Southern Columbia.

Hong Kong universities and private education consulting firms are continually looking for new distance education programs according to emerging business trends. The advantages of collaborating with a local university or partnering with a private education consulting firm include: recognition with the local university and usage of its

teaching facilities, the ability to provide foreign universities with good advice on distance education programs in Hong Kong, knowledge of how to reorganize and streamline programs to fit the students demands, and finally, these organizations know-how on market distance education in Hong Kong.

Key Contacts

The Hong Kong Education and Manpower Bureau (EMB) provides registering information of non-local education programs. They also record education statistics and help introduce Hong Kong ideals for education and goals in the student populations.

The U.S Commercial Service in Hong Kong will provide services to U.S universities, colleges, and other education institutions interested in developing the distance education market in Hong Kong.

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